

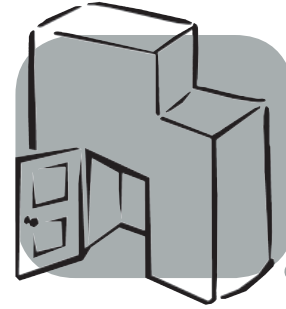
Publication Change Summary

| Release Date | Eff. Date | Pub # | Change Location | Detail |
|--------------|-----------|-------|---|--|
| 10/04/19 | now | 37 | Page 1, "Sales Tax" | Added language to include marketplace facilitators. |
| 09/25/19 | now | 58 | Page 2, "Interest Rates" | Updated chart for 2020 year. |
| | | | Page 2, "Penalties" | Removed note about IFTA penalties. |
| 08/12/19 | now | 9 | Page 1 | Removed aircraft from vehicles to be registered and informed people to register with UDOT. |
| | | | "Emission Certificates", pg 2 | Removed sentence about diesel powered vehicles 1997 and older. |
| | | | "First-time Registration", pg 2 | Removed mention of the 1.0% uniform fee. |
| | | | "What to Do If You Sell Your Car", pg 2 | Removed "in writing" from instruction to notify the DMV and updated correspondence address. |
| | | 23 | throughout | Removed mention of the 1.0% uniform fee. |
| | | | "Age-based Uniform Fee", pg 1 | Added snowmobiles, street legal ATVs, park model vehicles, and motor homes. |
| | | | "When are the fees paid", pg 1 | Added an explanation about new option to pay 6 month fees. |
| | | | Page 2-3 | Updated existing age-based fee schedules for 2019 and added new schedules for snowmobiles, ATVs, motor homes, and collapsible inflatable vessel/pontoon/sailboat. |
| | | | pages 3-4 | Updated calculations/examples for 2019. |
| 07/29/19 | now | 4 | throughout | Revised language. |
| | | | | Updated procedure for applying to the Voluntary Disclosure Program, including a new form, TC-43, Voluntary Disclosure Program Application. |
| 07/01/19 | 01/01/18 | 25 | "Chart 3", page 8 | Changed the "Radio Network Charge" from \$0.18 to \$0.52 |
| 06/13/19 | 07/01/19 | 25 | "Introduction" | Revised language. |
| | | | "Utah Tax Code" | Removed. |
| | | | "Starting a New Business" | Revised language. |
| | | | "Chart 3" | Changed "Unified Statewide 911 Emergency Service Charge" rate from .09 to .25; changed "Prepaid Disposable Phones and Prepaid Disp. Phone Minutes" rate from 3.3 to 3.7. |
| | | | "Definitions" | Added definitions for "Marketplace," "Marketplace Facilitator" and "Marketplace Seller." |
| | | | "Additional Information" | Added "Marketplace Facilitators and Sellers." |

Business Activity and Nexus in Utah

Utah State Tax Commission

210 North 1950 West
Salt Lake City, Utah 84134
801-297-2200
1-800-662-4335
nexus@utah.gov
tax.utah.gov



If you need an accommodation under the Americans with Disabilities Act, email taxada@utah.gov, or call 801-297-3811 or TDD at 801-297-2020. Please allow three working days for a response.

Purpose

The purpose of this publication is to define nexus and provide general guidelines for determining whether a business entity's activities create nexus with the state of Utah.

Definitions

Nexus

Nexus means a business entity has established a direct or representational presence within a state or jurisdiction. This presence allows the state to require the business to collect and pay certain taxes.

The standards are different for determining whether a business has nexus for purposes of sales tax or corporate franchise/income tax.

Retailer

Utah law defines a retailer as any person regularly engaged in regular solicitation of a consumer market in Utah. A retailer includes commission merchants, auctioneers, salespersons, representatives, distributors, supervisors and employers.

Sales Tax

The United States Constitution requires a business to have sufficient nexus with Utah in order for Utah to require that business to collect and pay sales tax.

A business that engages in the following activities exceeds the minimum threshold of nexus, subjecting it to Utah's sales and use tax requirements.

Retailers and marketplace facilitators must collect and pay sales and use tax on their sales and on sales they facilitate on their marketplace if they:

1. sell tangible personal property, products transferred electronically, or services for storage, use, or consumption in the state; in either the previous calendar year or the current calendar year, that result in either:
 - a. gross revenues of more than \$100,000; or
 - b. 200 or more separate transactions.

2. have or use an office, distribution house, sales house, warehouse, service enterprise or other place of business;
3. maintain a stock of goods in Utah;
4. regularly solicit orders (whether or not those orders are accepted in Utah), unless the activity in Utah is only advertising or solicitation by direct mail, email, the Internet, telephone or similar means;
5. regularly deliver property in Utah other than by common carrier or U.S. mail; or
6. regularly engage in any activity related to the leasing or servicing of property located in Utah.

A seller also has nexus in Utah if:

1. a. the seller has more than 10 percent interest in a related seller, or
 - b. a related seller has more than 10 percent interest in the seller, or
 - c. a related seller wholly owns the seller, and
2. a. the seller sells the same or very similar line of products as the related seller under the same or a very similar business name, or
 - b. the place of business of the related seller or one of its in-state employees is used to advertise, promote or assist sales by the seller to a buyer.

Corporate Tax

Public Law 86-272 restricts a state from imposing a net income tax on income earned within its borders from interstate commerce if the company's only business activity within the state is the solicitation of orders for sales of tangible personal property. **Only the solicitation to sell tangible personal property has immunity under P.L. 86-272.**

Businesses that earn income from Utah sources, other than from merely soliciting sales of tangible personal property, are required to file a Utah corporation franchise and income tax return. For example, a corporation has Utah nexus and is subject to this tax if it:

1. sells or performs services in Utah in which the customer receives the greater benefit of the service in Utah, or
 2. earns income from the use of intangible property in Utah.
- Corporations that make loans or issue credit cards to Utah customers (e.g., banks) are subject to the Utah corporate franchise or income tax whether or not they have a business location in Utah.

For the sale of tangible personal property to be protected under P.L. 86-272, it must be limited solely to solicitation, except for de minimis activities and activities conducted by independent contractors. "De minimis" means those activities that, when taken together, establish only a trivial connection with the taxing state.

The following activities establish nexus in Utah (See Utah Administrative Rule R865-6F-6):

1. Repairing, maintaining or servicing the property.
2. Collecting current or delinquent accounts, whether directly or by third parties, through assignment or otherwise.
3. Investigating credit worthiness.
4. Installing or supervising installation at or after shipment or delivery.
5. Conducting training courses, seminars or lectures for personnel (other than personnel involved only in solicitation).
6. Providing any kind of technical assistance or service beyond the solicitation of orders.
7. Investigating, handling or otherwise helping to resolve customer complaints, other than mediating direct customer complaints, when the sole purpose is to ingratiate the sales personnel with the customer.
8. Approving or accepting orders.
9. Repossessing property.
10. Securing deposits on sales.
11. Picking up or replacing damaged or returned property.
12. Hiring, training or supervising personnel (except personnel involved only in solicitation).
13. Using agency stock checks or any other instrument or process by which employees make sales in Utah.
14. Maintaining a sample or display room for longer than two weeks (14 days) at any one location within Utah during the tax year.
15. Carrying samples for sale or exchange for anything of value.
16. Owning, leasing, using or maintaining in Utah:
 - a. a repair shop;
 - b. a parts department;
 - c. any kind of office other than an in-home office;
 - d. a warehouse;
 - e. a meeting place for directors, officers, or employees;
 - f. stock of goods other than samples for sales personnel or that are used entirely ancillary to solicitation;
 - g. a telephone answering service that is publicly attributed to the company or to employees or agents of the company in their representative status;
 - h. mobile stores, such as vehicles driven by employees who make sales from the vehicles;
 - i. real property or fixtures to real property of any kind.
17. Consigning tangible personal property to any person, including an independent contractor, for sale.
18. Maintaining an office or place of business (in-home or otherwise) of any kind other than an in-home office.
 - Any office or other place of business in Utah that does not strictly qualify as an in-home office does not have protection under this rule.
 - It doesn't matter whether the company pays directly, indirectly or not at all for the cost of maintaining the in-home office.
19. Entering into or selling/disposing of franchising or licensing agreements, or selling/transferring tangible personal property associated with a franchise or license by the franchise or licensor to its franchisee or licensee in Utah.
20. Conducting any activity that serves an independent business function apart from the solicitation of orders, even if the activity increases sales.

If you have any questions about business activity or nexus that are not answered above, please contact the Tax Commission at the address in the heading of this publication.

To request an agreement to resolve prior business tax liabilities from the Auditing Division's Voluntary Disclosure Program, the following written information is required.

1. A description of the company's activities, including:
 - a. the number of years doing business in Utah,
 - b. a list of the type of property owned and/or leased in Utah,
 - c. a description of equipment leased for use in Utah,
 - d. the number and length of time representatives acting on your behalf or employees have been in Utah, and
 - e. how Utah business is solicited.
2. The type of tax being offered and a statement why the company is not offering other tax types.
3. A declaration of estimated tax liability for the disclosure period, by tax type.
4. A declaration of the estimated tax liability for periods prior to the disclosure period, by tax type.
5. Disclosure as to whether the company has collected or withheld tax.
6. A statement indicating whether the Utah State Tax Commission or the Multistate Tax Commission has contacted the company, and the nature of the contacts.
7. The voluntary disclosure agreement terms proposed by the company.

See Pub 4 for more information regarding the Voluntary Disclosure Program, or visit the Tax Commission website at **tax.utah.gov**.

This publication is provided for general guidance only. It does not contain all sales or use tax laws or rules. If you need additional information, call 801-297-2200 or 1-800-662-4335.

Publication 37 – Business Activity and Nexus in Utah

Purpose

The purpose of this publication is to define nexus and provide general guidelines for determining whether a business entity's activities create nexus with the state of Utah.

Definitions

Nexus

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The standards are different for determining whether a business has nexus for purposes of sales tax or corporate franchise/income tax.

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 - a. gross revenues of more than \$100,000; or
 - b. 200 or more separate transactions.
2. have or use an office, distribution house, sales house, warehouse, service enterprise or other place of business;
3. maintain a stock of goods in Utah;
4. regularly solicit orders (whether or not those orders are accepted in Utah), unless the activity in Utah is only advertising or solicitation by direct mail, email, the Internet, telephone or similar means;
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A seller also has nexus in Utah if:

1.
 - a. the seller has more than 10 percent interest in a related seller, or
 - b. a related seller has more than 10 percent interest in the seller, or
 - c. a related seller wholly owns the seller, and
2.
 - a. the seller sells the same or very similar line of products as the related seller under the same or a very similar business name, or
 - b. the place of business of the related seller or one of its in-state employees is used to advertise, promote or assist sales by the seller to a buyer.

Corporate Tax

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Corporations that make loans or issue credit cards to Utah customers (e.g., banks) are subject to the Utah corporate franchise or income tax whether or not they have a business location in Utah.

For the sale of tangible personal property to be protected under P.L. 86-272, it must be limited solely to solicitation, except for de minimis activities and activities conducted by independent contractors. "De minimis" means those activities that, when taken together, establish only a trivial connection with the taxing state.

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- g. a telephone answering service that is publicly attributed to the company or to employees or agents of the company in their representative status;
 - h. mobile stores, such as vehicles driven by employees who make sales from the vehicles;
 - i. real property or fixtures to real property of any kind.
17. Consigning tangible personal property to any person, including an independent contractor, for sale.
18. Maintaining an office or place of business (in-home or otherwise) of any kind other than an in-home office.
- Any office or other place of business in Utah that does not strictly qualify as an in-home office does not have protection under this rule.
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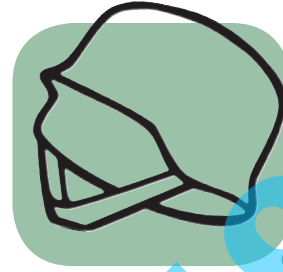
See Pub 4 for more information regarding the Voluntary Disclosure Program, or visit the Tax Commission website at tax.utah.gov.

Military Personnel Instructions

Individual income tax information for service members and their spouses

Utah State Tax Commission

210 North 1950 West
Salt Lake City, Utah 84134
801-297-7705
1-800-662-4335 ext. 7705
tax.utah.gov



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General Information

Active members of the U.S. Armed Forces, including those serving in combat zones, and their spouses receive special tax benefits. This publication explains those benefits as they apply to Utah income tax.

Residency issues addressed in this publication are effective for tax years beginning January 2018.

Definitions

Nonresident Service Member. A service member whose state of legal residence is not Utah, even if stationed in Utah.

Resident Service Member. A service member whose state of legal residence is Utah, even if stationed outside of Utah.

Active Duty Military Wages. Active duty income received for military service. This type of income is taxable only in the state of legal residence.

Service Member. An active duty member of the U.S. Armed Forces, including those serving overseas or in a combat zone. This includes National Guard members who are called to active service by the President of the United States or the Secretary of Defense for a period of more than 30 consecutive days and supported by federal funds.

Spouse of a Service Member. The spouse of an active duty member of the U.S. Armed Forces. If the spouse is also a military service member, then the spouse is entitled to the tax benefits of a service member.

State of Legal Residence. The state of residence the military has recorded as a service member's tax home, regardless of where the service member is stationed or deployed.

U.S. Armed Forces. Commissioned officers, warrant officers and enlisted personnel in all regular and reserve units under control of the Secretaries of Defense, Army, Navy, Air Force and the Coast Guard. Does not include members of the U.S. Merchant Marine or the American Red Cross.

Residency

Federal law defines the residency of service members and their spouses. See 50 U.S.C. 4001(a).

Service Member

For Utah income tax purposes, a service member's residency is their state of legal residence as recognized by the U.S. Department of Defense. Contact your financial officer with any questions.

Service Member's Spouse

For income tax purposes, a service member's spouse may choose to:

1. use their natural state of residency, or
2. use the service member's state of residence.

The spouse may choose the service member's state of residence even if the spouse does not live in that state.

Utah-taxable Income

Utah treats military pay the same as the IRS. All income included in federal adjusted gross income is automatically included in Utah income. Income that is exempt from federal taxation is also exempt for Utah purposes.

Utah Resident Service Members and Spouses

Utah residents must file a Utah income tax return if they are required to file a federal income tax return. All of a Utah resident's income is taxable in Utah. A Utah resident's active duty military pay is only taxable in Utah. A Utah resident with other sources of income taxed by another state may claim a credit for those taxes on their Utah return. See Utah form TC-40S.

Nonresident Service Members

Nonresident service members do not pay Utah income tax on active duty military pay, even if earned while stationed in Utah.

Nonresidents must file a Utah income tax return only if they have Utah-taxable income. Examples include non-military wages earned in Utah, income from rentals or sales of property in Utah, and Utah investment income. See Utah Code §59-10-117.

To file a Utah individual income tax return as a nonresident service member:

1. Enter "N" on the "Full-year Resident?" line at the top of the Utah TC-40 return.
2. On line 4, report your total federal adjusted gross income, including all military and nonmilitary income.
3. Report your non-Utah active duty military wages on Utah form TC-40A, Part 2, **using subtraction code 82** (nonresident active duty military pay).
4. Enter the total from TC-40A, Part 2 on line 8 of the TC-40 return.
5. Follow the instructions to complete Utah form TC-40B and attach it to your return.

Nonresident Spouses

All income of a service member's nonresident spouse is exempt from Utah income tax ONLY IF:

1. the spouse and the service member are residents of the same state outside Utah,
2. the service member is in Utah under military orders, and
3. the spouse is in Utah solely to be with the service member.

NOTE: A qualified nonresident spouse should file a federal W-4 form with their employer marked "Utah Only - Exempt military spouse" to end Utah withholding on their income.

When reporting a qualified nonresident spouse's income:

1. Enter "N" on the "Full-year Resident?" line next to the spouse's name at the top of the Utah TC-40 return.
2. On line 4, include your spouse's federal adjusted gross income, wherever it was earned.
3. Include all your spouse's income on Utah form TC-40A, Part 2, **using subtraction code 88** (nonresident military spouse income).
4. Include the total from TC-40A, Part 2 on line 8 of the TC-40 return.
5. Follow the instructions to complete Utah form TC-40B and attach it to your return.

One Spouse is a Utah Resident and the Other is a Nonresident

If one spouse is a full-year Utah resident and the other is a full-year nonresident, they may file separate Utah income tax returns even if they file a joint federal return. The nonresident spouse is not required to file a Utah return unless they have Utah income.

See *Special Instructions* in the TC-40 instructions.

NOTE: If either you or your spouse is a part-year resident, you may not use Special Instructions.

Utah Combat-related Death Tax Credit

For tax years beginning on or after Jan. 1, 2010, a military service member who dies as a result of military service in a combat zone may claim a nonrefundable tax credit equal to their tax liability in the year of death.

See instructions and worksheet in the *Individual Income Tax* book.

Native Americans

The active duty military wages of a Native American Utah resident are exempt from Utah tax if the service member joined the military while living on their tribe's reservation.

Claim this income as a subtraction from income on TC-40, Schedule A, Part 2, using code 77. See instructions in the *Individual Income Tax* book.

Service that Qualifies for a Filing Extension

Utah allows personnel serving in a combat zone or contingency operation the same filing extension allowed by the IRS. See IRS Publication 3, *Armed Forces' Tax Guide* (irs.gov/publications/p3/index.html).

If you qualify for combat zone relief, email your status to us at combatzone@utah.gov. Provide your name, stateside address, date of birth and date of deployment to the combat zone. You, your spouse or an authorized representative may make this notification.

The Tax Commission cannot provide tax account information by e-mail. Therefore, we will reply to any questions within two business days by regular mail to the address we have on record. We may provide general answers to questions regarding the status of individual combat zone updates via e-mail.

Signing Returns

You (and your spouse, if filing a joint return) must sign the return. You may also authorize someone to sign for you by granting a power of attorney.

Rules about filing Utah returns follow federal rules for a military spouse who is serving overseas, in a combat zone or in a qualified hazardous duty area, or is in missing status or incapacitated, or who died during the year. See IRS Publication 3 for details.

Where to Get Help

If you have other questions about Utah's treatment of military personnel, please contact:

Utah State Tax Commission
210 N 1950 W
Salt Lake City UT 84134
801-297-7705, phone
1-800-662-4335, ext. 7705 (outside the Salt Lake area)
801-297-6357, fax
taxmaster@utah.gov

See filing examples online at incometax.utah.gov.

Find federal tax information in:

- *Soldiers' and Sailors' Civil Relief Act of 1940*, United States Code, Title 50, Section 573.
- *Utah Service Members' Civil Relief Act*, Utah Code, Title 39, Chapter 7.

Tax Commission Rule Review Checklist
(This Sheet and any backup data must accompany each proposed rule or revision)

Title of Rule: **Salvage Vehicle Definition**
Statutory Reference: **§41-1a-1001 and §41-1a-1002**
Rule Number: **R873-22M-24**

4. Purpose of the rule or reason for the change:

This rule is no longer necessary as a result of the passage of S.B. 82 *Dealership Licensing Amendments* (Ipson) during the 2019 General Session of the Legislature.

6. Summary of the rule change:

Proposes that this rule be repealed because S.B. 82 repealed Section 41-1a-1002 which provided a process for unbranding a vehicle with a branded title.

7. Aggregate anticipated cost or savings to:

A) State Budget:

This proposed amendment is not expected to have any fiscal impacts on state government revenues or expenditures because any fiscal impacts would have been addressed in the fiscal note of S.B. 82.

B) Local Government:

This proposed amendment is not expected to have any fiscal impacts on local government revenues or expenditures because any fiscal impacts would have been addressed in the fiscal note of S.B. 82.

C) Small Businesses (50 or less employees):

This proposed amendment is not expected to have any fiscal impacts on small business revenues or expenditures because any fiscal impacts would have been addressed in the fiscal note of S.B. 82.

D) Persons other than small businesses or local government:

This proposed amendment is not expected to have any fiscal impacts on persons other than small businesses or local government revenues or expenditures because any fiscal impacts would have been addressed in the fiscal note of S.B. 82.

8. Compliance cost for affected persons ("person" means any individual, partnership, corporation, association, government entity, public or private organization of any character other than an agency):
The proposed repeal of this rule is not expected to impose any compliance costs on affected persons because any compliance or regulatory burdens would have been addressed in the fiscal note of S.B. 82 relating to the repeal of the authorizing statute.

9. Comments by the department head on the fiscal impact the rule may have on businesses:

Any fiscal impact would have been addressed in the fiscal note for 2019 General Session on S.B. 82, *Dealership Licensing Amendments*.

14. Indexing information: _____

Substantive: Yes

Nonsubstantive:

Result of 5 year review: No

Originated by:

2019 S.B. 82

Drafted by:
Jason Gardner

Reviewed with Divisions:

Date:

Approved by Executive Director:

Date:

Approved for Submittal to DAR:

Date:

Tax Commission Rule Review Checklist
(This Sheet and any backup data must accompany each proposed rule or revision)

Title of Rule: **Interim Inspections and Repair Standards**
Statutory Reference: **§41-1a-1002**
Rule Number: **R873-22M-26**

4. Purpose of the rule or reason for the change:

This rule is no longer necessary as a result of the passage of S.B. 82 *Dealership Licensing Amendments* (Ipson) during the 2019 General Session of the Legislature.

6. Summary of the rule change:

Proposes that this rule be repealed because S.B. 82 repealed Section 41-1a-1002 which provided a process for unbranding a vehicle with a branded title.

7. Aggregate anticipated cost or savings to:

A) State Budget:

This proposed amendment is not expected to have any fiscal impacts on state government revenues or expenditures because any fiscal impacts would have been addressed in the fiscal note of S.B. 82.

B) Local Government:

This proposed amendment is not expected to have any fiscal impacts on local government revenues or expenditures because any fiscal impacts would have been addressed in the fiscal note of S.B. 82.

C) Small Businesses (50 or less employees):

This proposed amendment is not expected to have any fiscal impacts on small business revenues or expenditures because any fiscal impacts would have been addressed in the fiscal note of S.B. 82.

D) Persons other than small businesses or local government:

This proposed amendment is not expected to have any fiscal impacts on persons other than small businesses or local government revenues or expenditures because any fiscal impacts would have been addressed in the fiscal note of S.B. 82.

8. Compliance cost for affected persons ("person" means any individual, partnership, corporation, association, government entity, public or private organization of any character other than an agency):
The proposed repeal of this rule is not expected to impose any compliance costs on affected persons because any compliance or regulatory burdens would have been addressed in the fiscal note of S.B. 82 relating to the repeal of the authorizing statute.

9. Comments by the department head on the fiscal impact the rule may have on businesses:

Any fiscal impact would have been addressed in the fiscal note for 2019 General Session on S.B. 82, *Dealership Licensing Amendments*.

14. Indexing information: _____

Substantive: Yes

Nonsubstantive:

Result of 5 year review: No

Originated by:

2019 S.B. 82

Drafted by:
Jason Gardner

Reviewed with Divisions:

Date:

Approved by Executive Director:

Date:

Approved for Submittal to DAR:

Date:

Tax Commission Rule Review Checklist

(This Sheet and any backup data must accompany each proposed rule or revision)

Title of Rule: **Standards for Assessment Level and Uniformity of Performance**
Statutory Reference: **§59-2-704 and §59-2-704.5**
Rule Number: **R884-24P-27**

4. Purpose of the rule or reason for the change:

To allow a county to be exempt from the April assessment-to-sale ratio study under certain circumstances.

6. Summary of the rule change:

Allows the property tax division to exempt a county from the April assessment-to-sale ratio study if the county can demonstrate that it employs methods and measures that are adequate to ensure assessment compliance with applicable law.

7. Aggregate anticipated cost or savings to:

A) State Budget:

This proposed amendment is not expected to have any fiscal impacts on state government revenues or expenditures because it does not change the amount of revenue generated statewide.

B) Local Government:

This proposed amendment is not expected to have any fiscal impacts on local government revenues or expenditures because the exemption is limited to counties that can demonstrate that the assessment methodologies being applied are adequate to ensure assessment compliance with applicable law.

C) Small Businesses (50 or less employees):

This proposed amendment is not expected to have any fiscal impact on small business revenues or expenditures because the exemption is limited to counties that have demonstrated that the assessment methodologies being applied are adequate to ensure assessments consistent with applicable law.

D) Persons other than small businesses or local government:

This proposed amendment is not expected to have any fiscal impact on the revenues or expenditures of other persons because the exemption is limited to counties that have demonstrated that the assessment methodologies being applied are adequate to ensure assessments consistent with applicable law.

8. Compliance cost for affected persons ("person" means any individual, partnership, corporation, association, government entity, public or private organization of any character other than an agency):
The proposed amendment is likely to ease compliance costs for those counties that have demonstrated that the assessment methodologies being applied are adequate to ensure assessments consistent with applicable law.

9. Comments by the department head on the fiscal impact the rule may have on businesses:

This proposed amendment is not expected to impact the revenues or expenditures of businesses because the exemption will only be granted to those counties that can satisfactorily demonstrate that the assessment methodologies being applied within the county are adequate to ensure assessments consistent with applicable law.

14. Indexing information: _____

Substantive: Yes

Nonsubstantive:

Result of 5 year review: No

Originated by:
Property Tax

Drafted by:
Jason Gardner

Reviewed with Divisions:

Date:

Approved by Executive Director:

Date:

Approved for Submittal to DAR:

Date:

Tax Commission Rule Review Checklist

(This Sheet and any backup data must accompany each proposed rule or revision)

Title of Rule: 2020 Personal Property Valuation Guides and Schedules
Statutory Reference: 59-2-107
Rule Number: R884-24P-33

4. Purpose of the rule or reason for the change:

The valuation guides and schedules contained in this rule are reviewed and updated annually by the Property Tax Division. The personal property guides and schedules are used for local property tax valuation and assessment of business personal property and certain motor vehicles by county assessors.

6. Summary of the rule change:

Section 59-2-107 authorizes the State Tax Commission to promulgate rules that define classes of items considered to be personal property and provide valuation percent good schedules to value locally assessed personal property. County assessors must use the percent good schedules as contained in this rule. Any deviation which affects an entire class or type of personal property requires a written report documenting the schedule change to be submitted to the Tax Commission for approval prior to use.

7. Aggregate anticipated cost or savings to:

A) State Budget: The amount of savings or cost to state government is not affected by this rule. Tax revenue generated by taxing personal property is distributed to local governments to finance public services, programs, school districts and local districts. No tax revenues generated by taxation of personal property will be retained by state government.

B) Local Government: The amount of saving or cost to local government is undetermined. Local governmental entities receive tax revenue based on increased or decreased personal property values and the change in the annual property tax rate. Increases or decreases in 2020 property tax revenue cannot be determined, even if there were no changes in the percent good tables, because taxpayer acquisitions and deletions of personal property during 2020 are unknown. The proposed personal property schedules in this amendment are raised, lowered or remain the same for 2020 based upon the type and age of the personal property assessed. Schedules used to value business personal property increase or decrease based upon the calculation of economic trends from cost indexes published by the Marshall Valuation Service. It is anticipated that the change in the annual property tax rate will have a larger impact on revenue than will the proposed amendments to this rule.

C) Small Businesses (50 or less employees): In the aggregate, the amount of savings or cost to individuals and business is undetermined. Affected persons pay property taxes based on increased or decreased personal property values and the change in the annual property tax rate. The proposed personal property schedules in this rule are raised, lowered or remain the same for 2020 based upon the type and age of the property. Since some schedules are increased and some decreased, it is not possible to determine the change to affected persons without knowing the 2020 personal property mix compared to the previous year.

D) Persons other than small businesses or local government: In the aggregate, the amount of savings or cost to individuals and business is undetermined. Affected persons pay property taxes based on increased or decreased personal property values and the change in the annual property tax rate. The proposed personal property schedules in this rule are raised, lowered or remain the

same for 2020 based upon the type and age of the property. Since some schedules are increased and some decreased, it is not possible to determine the change to affected persons without knowing the 2020 personal property mix compared to the previous year.

8. Compliance cost for affected persons ("person" means any individual, partnership, corporation, association, government entity, public or private organization of any character other than an agency): Local business owners and property tax practitioners will once again be required to be aware of new percent good figures. This is an annual occurrence; therefore, the compliance cost in completing the assessment process will not change. The change in taxes charged for these businesses depends entirely on the owner's mix of personal property since some percent good schedules are increasing and others decreasing. For example, the owner of a business may discard some personal property items and add new equipment or replace equipment which may increase or decrease personal property values. In addition, the personal property percent good schedule percentages often change from the previous year due to current economic conditions.

9. Comments by the department head on the fiscal impact the rule may have on businesses: The fiscal impact on businesses is undetermined. Some personal property schedules are raised, some are lowered, and some remain the same. Without knowing the 2020 personal property mix compared to the previous year, it is not possible to determine the impact on affected businesses.

14. Indexing information: _____

Substantive: Yes

Nonsubstantive:

Result of 5 year review: No

Originated by:

Date:

Annual update from Property Tax Division

Drafted by:

Date:

Jason Gardner

Reviewed with Divisions:

Date:

Approved by Executive Director:

Date:

Approved for Submittal to DAR:

Date: